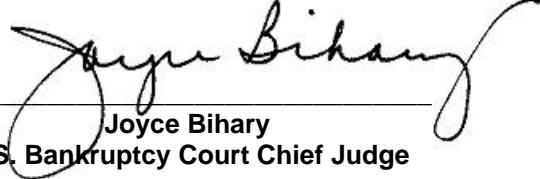




IT IS ORDERED as set forth below:

Date: July 13, 2011


Joyce Bihary
U.S. Bankruptcy Court Chief Judge

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:)	
)	CHAPTER 11
NAPA HOME & GARDEN, INC.)	CASE NO. 11-69828-jb
)	
)	
<u>Debtor.</u>)	
)	
NAPA HOME & GARDEN, INC.)	
)	
Movant,)	CONTESTED MATTER
)	
vs.)	
)	
CORNERSTONE BANK,)	
)	
Respondent.)	
)	

**INTERIM ORDER GRANTING DEBTOR'S MOTION REQUESTING
AUTHORIZATION TO USE CASH COLLATERAL**

THIS MATTER came before the Court pursuant to Debtor's "Motion Requesting Entry of Order Authorizing the Use of Cash" (the "Motion"¹). In the Motion, Debtor requests permission to use Cash Collateral in which Cornerstone Bank ("Cornerstone") asserts a first priority security interest. Debtor and Cornerstone have conferred regarding the Motion and agreed to entry of this Interim Order authorizing the use of Cash Collateral on the terms herein.

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to such in the Motion.

The Court, having considered the Motion, the expenses requested to be paid, the consent of the parties and all other matters of record, finds the Motion should be **granted** on an interim basis on the terms herein, and it is hereby ORDERED as follows:

1. Debtor is authorized to use the Cash Collateral on an interim basis until the Final Hearing (as defined below) unless otherwise extended by consent of Cornerstone or order of this Court, and within the dollar amounts set forth in the Budget attached hereto as Exhibit "A" provided that: (i) Debtor shall be authorized to pay the actual amount owed to any utility; (ii) Debtor shall be authorized to pay the actual amount owed to any insurance company or taxing authority; (iii) Debtor shall be authorized to pay any United States Trustee quarterly fees; (iv) Debtor may exceed the budgeted amount for any line item on the Budget by 10%; and (v) Debtor shall be authorized to use Cash Collateral for other matters pursuant to orders entered by this Court after appropriate notice and hearing.

2. This Order is without any prejudice to Cornerstone's rights, including but not limited to its right to dispute at any time the Debtor's continued use of Cash Collateral, seek relief from the stay or dismissal of this Case, and contest the nature, extent, validity or priority of any lien or security interest, and the entry of this Order is not to be interpreted as an agreement by Cornerstone to support or accept the filing of the Debtor's bankruptcy petition, any plan of reorganization or disposal of assets under Section 363 of the Bankruptcy Code, or any other proposed treatment of Cornerstone's asserted claim(s).

3. This Order is entered without prejudice to the rights of other creditors to seek additional adequate protection or other relief available under the Bankruptcy Code, other applicable law or applicable loan documents.

4. This Order is also entered without prejudice to the claims, rights, and actions that Debtor may have to challenge the nature, validity, or extent of the liens, security interests or debts asserted by Respondent.

5. This Order is without prejudice to the rights of creditors, any creditor committee, and any subsequent trustee.

6. Notwithstanding anything to the contrary within Bankruptcy Rule 4001(b)(2) or any other rule of similar import, this Order shall be effective immediately upon its entry.

7. This Court shall conduct a further and final hearing on the Motion (the "Final Hearing") **on the 17th day of August, 2011 at 2:00 p.m. in Courtroom 1402, U.S. Courthouse 75 Spring Street, SW, Atlanta, Georgia 30303** at which time any party in interest who timely objects to the relief requested in the Motion may appear and state its objection(s) to the terms of this Order and the relief requested in the Motion.

8. Objections, if any, to the Motion or any amendments, shall be in writing, shall comply with the Federal Rules of Bankruptcy Procedure and any Local Bankruptcy Rules, shall be filed with the Clerk of the Bankruptcy Court and be served upon (i) Leslie M. Pineyro, Esq., Jones & Walden, LLC, 21 Eighth Street, NE, Atlanta, GA 30309, counsel for Debtor; (ii) Sabrina Fitz, Harman Simons & Wood LLPC, 6400 Powers Ferry Rd, Ste 400, Atlanta, GA 30339, counsel for Lender, and (iii) the Office of the United States Trustee, 75 Spring Street, S.W., Room 362, Atlanta, GA 30303, **so that such objection is received no later than two (2) business days prior to the Final Hearing.**

[End of Order]

Prepared and presented by:
JONES & WALDEN, LLC
/s/ Leslie M. Pineyro
Leslie M. Pineyro
GA Bar No. 969800
21 Eighth Street
Atlanta, GA 30309
(404) 564-9300 Telephone
(404) 564-9301 Facsimile
Proposed Counsel for Debtor

Consented to By:
Hartman Simons & Wood LLPC
/s/ Sabrina Fitze
Sabrina Fitze
GA Bar No. 411088
Hartman Simons & Wood
LLPC
6400 Powers Ferry Road
NW, Suite 400
Atlanta, Georgia 30339
*Counsel for Cornerstone
Bank*

Reviewed As To Form:
DONALD F. WALTON
UNITED STATES
TRUSTEE
/s/ Martin Ochs
Martin Ochs
Georgia Bar No.
Office of United States
Trustee
75 Spring Street, S.W., Room
362
Atlanta, GA 30303

Distribution List:

Leslie M. Pineyro, Jones & Walden, LLC, 21 Eighth Street, Atlanta, GA 30309

Office of the US Trustee, 362 Richard B. Russell Building, 75 Spring Street, SW, Atlanta, GA 30303

Exhibit "A"

Estimated Cash Flow
July - August 2011

	July 2011	August 2011	Total
Sales without Direct Ship	514,350.00	514,350.00	1,028,700.00
Direct Ship Sales	176,321.00	14,459.00	190,780.00
Total Sales	690,671.00	528,809.00	1,219,480.00
Cash In from Operations	427,973.55	632,785.91	1,060,759.46
 Operating Expenses			
Whse	90,785.00	90,785.00	181,570.00
Personnel	63,426.46	60,964.92	124,391.38
General Office / Admin	24,388.00	24,388.00	48,776.00
Selling	63,026.50	63,026.50	126,053.00
Product Development	3,300.00	3,300.00	6,600.00
Total Fixed	244,925.96	242,464.42	487,390.38
 Cash available after Operating Expenses	183,047.59	390,321.49	573,369.08
 Napa Purchases	105,000.00	105,000.00	210,000.00
Direct Purchase	2,800.00	112,498.00	115,298.00
Freight & Duty	80,000.00	45,000.00	125,000.00
Total Cash Outlay	187,800.00	262,498.00	450,298.00
 Cash after Purchases	-4,752.41	127,823.49	123,071.08
 Extra Ordinary Expenses			
Accounting	5,000.00	5,000.00	10,000.00
Creditor Notice	70,000.00	32,500.00	102,500.00
Total Extra Ordinary Expenses	75,000.00	5,000.00	10,000.00